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Message Text

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ACTION COME-00

INFO OCT-01 NEA-10 ISO-00 AGRE-00 CEA-01 CIAE-00
DODE-00 EB-08 FRB-01 H-02 INR-10 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-02 CTME-00 AID-05 SS-15
STR-07 ITC-01 TRSE-00 ICA-20 SP-02 SOE-02 OMB-01
DOE-15 HA-05 XMB-04 OPIC-06 /135 W
----------071487 190324Z /75
R 190256Z APR 78
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 8126

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E.O. 11652: N/A
TAGS: BEXP, XA, XB, XC, XD, XE, XF, XG, XI, XJ, XK,
- XM, XU
SUBJ: UNDER SECRETARIAL TASK FORCE ON U. S. FOOTWEAR CON-
- TINUING IDENTIFICATION OF TRADE OPPORTUNITIES FOR
- LEATHER SHOES AND BOOTS

REF: (A) STATE 89279, (B) CAIRO 8662

1. WHILE EGYPT IN OUR VIEW WOULD FALL IN THE CATEGORY OF COUNTRIES WITH RELATIVELY LITTLE APPARENT MARKET POTENTIAL FOR AMERICAN FOOTWEAR, THE EMBASSY WILL CONTINUE EFFORTS TO IDENTIFY POSSIBILITIES FOR SALES OF AMERICAN SHOES AND RELATED PRODUCTS. SEVERAL FACTORS INHIBITING SALES OF AMERICAN FOOTWEAR CAN BE CITED. FIRST, CUSTOMS DUTIES ON IMPORTED SHOES ARE PROTECTIVE, AND PRESENTLY ARE AT A 100 PER CENT AD VALOREM RATE; EGYPT STRIVES FOR THE MOST PART TO SUPPLY ITS OWN FOOTWEAR REQUIREMENTS,AT PRICES FROM ABOUT $10 - $15 FOR THE BEST QUALITIES OF LOCAL PRODUCTS. ANOTHER ADVERSE FACTOR IS A SERIOUS LIMITA-
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TION ON THE AVAILABILITY OF HARD CURRENCY. LASTLY, IT MAY BE NOTED THAT EGYPT IS A NET EXPORTER OF LOW-PRICED SHOES, WITH SHIPMENTS DURING 1977 VALUED AT JUST UNDER $14 MILLION. MOST OF THESE EXPORTS WENT TO THE SOVIET AND EAST EUROPEAN MARKETS UNDER BARTER PAYMENTS AGREEMENT ARRANGEMENTS.

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2. CERTAIN SEGMENTS OF THE MARKET MAY BE OF INTEREST TO U. S. SUPPLIERS, HOWEVER. THE DUTY ON LEATHER AND FOOT-WEAR COMPONENTS IS 25 PER CENT, COMPARED WITH THE 100 PER CENT RATE ON COMPLETE SHOE UNITS. THIS LOWER DUTY ON SHOE PARTS SUGGESTS A POSSIBILITY FOR AMERICAN INDUSTRY SELECTIVELY TO ENTER THE GYPTIAN MARKET. STATISTICS OF THE CENTRAL AGENCY FOR PUBLIC MOBILIZATION AND STATISTICS (CAPMAS) INDICATE THAT MORE THAN 85 PER CENT BY VALUE OF ALL EGYPTIAN FOOTWEAR IMPORTS FOR 1977 WERE IN THE SHOE PARTS (ESPECIALLY RUBBER) CATEGORY. THE 1977 TOTAL VALUE IN EGYPTIAN POUNDS OF PARTS IMPORTS WAS 1.7 MILLION, OR ABOUT $4.2 MILLION AT THE OFFICIAL RATE OF LE 1 EQUALS $2.56. (NOTE: CAPMAS USES THE OFFICIAL RATE FOR STATISTICAL PURPOSES). THE GREAT BULK OF THESE COMPONENTS IMPORTS WAS FROM ITALY.

3. IN CHECKING WITH THE UNIFORMED SERVICES, GENERAL MAHMUD FAWZI AL-BAZ, DIRECTOR GENERAL, GENERAL AUTHORITY FOR POLICE SUPPLIES, MINISTRY OF INTERIOR, STATED TO US THAT THE YEARLY REQUIREMENT FOR POLICEMEN AND FIREMEN IS ABOUT 100,000 TO 120,000 PAIRS OF SHOES. GENERAL FAWZI SAID, HOWEVER, THAT THE GOVERNMENT HAS NOT HERETOFORE IMPORTED FOOTWEAR FOR THE UNIFORMED SERVICES. THE GOVERNMENT DOES NOT BUY SHOES FOR POSTMEN AT ALL (POSTAL UNIFORMS HAVE BEEN SUPPLIED FOR THE PAST THREE YEARS ONLY). HE ALSO COMMENTED THAT THERE WAS NOTHING TO PREVENT IMPORTATION
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OF AMERICAN SHOES "IF THE PRICES ARE LOWER THAN THOSE LOCALLY MADE."

4. THE EGYPTIAN MILITARY HAS NOT RESPONDED AS YET TO OUR REQUEST FOR INFORMATION. THE EMBASSY DEFENSE ATTACHE OFFICE ADVISES THAT AN ANSWER CAN BE EXPECTED TO BE SIMILAR TO THAT FOR THE INTERIOR MINISTRY POLICC AND FIREMEN.

5. THE FOLLOWING IS IN RESPONSE TO SPECIFIC QUESTIONS RAISED IN REFTEL (A), PARAGRAPHS 2, 3 AND 6:

- (2A) YES, ACCORDING TO OUR SOUNDINGS, BUT PRICE WOULD
- BE ALL IMPORTANT.

- (2B) FOR THE POLICE - GENERAL MAHMUD FAWZI AL-BAZ,
- DIRECTOR GENERAL FOR POLICE SUPPLIES, MINISTRY OF
- INTERIOR, 3 KASR EL-NIL STREET, CAIRO. TEL:
- 911229, 41714.

- FOR THE MILITARY - AS BEST WE CAN DETERMINE AT
- PRESENT, THROUGH THE EGYPTIAN EMBASSY, WASHINGTON,

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- D. C. (FURTHER INFORMATION WILL BE FORWARDED WHEN
- AVAILABLE.)

- FOR THE PRIVATE SECTOR - THROUGH REGISTERED
- EGYPTIAN COMMERCIAL AGENTS.
- (2C) ALL BIDS MUST BE PRESENTED THROUGH REGISTERED
- EGYPTIAN COMMERCIAL AGENTS (LIST AVAILABLE AT
- THIS EMBASSY).
- (2D) NOT AVAILABLE IN TOTAL, BUT SEE PARA 3 ABOVE.

- (3) AGENTS IMPORT FOR DISTRIBUTION THROUGH AN
- EXTENSIVE SYSTEM OF RELATIVELY SMALL RETAIL
- OUTLETS.
- (6) NO CHANGES ARE REQUIRED IN CAP.
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STR-07 ITC-01 TRSE-00 ICA-20 SP-02 SOE-02 OMB-01
DOE-15 XMB-04 OPIC-06 /135 W
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6. THE EMBASSY SUGGESTS AS A FINAL COMMENT, NOT RELATED TO UNIFORMED SERVICES REQUIREMENTS, THAT THE SPORTS FOOT-WEAR FIELD MAY NOW PRESENT A SPECIALIZED OPPORTUNITY FOR THE AMERICAN FOOTWEAR INDUSTRY. SALES IN THIS CATEGORY

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ARE EXPECTED TO REACH ABOUT 100,000 PAIRS IN 1978 AND
WILL PROBABLY INCREASE IN THE NEXT SEVERAL YEARS. IMPORTED
SPORTS SHOES ARE PRICED ON THE LOCAL MARKET AT FROM
ABOUT $16 TO $22. EILTS

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TAGS: BEXP, XA, XB, XC, XD, XE, XF, XG, XI, XJ, XK
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